

CHAPTER II

HOUSING PROGRAM REQUIREMENTS

General Requirements

- 1) Prepare a timeline/schedule that indicates when each objective in the grantee's funding approval will be met.
- 2) Be consistent with the objectives in the Funding Approval.
- 3) Rehab houses to meet the Department of Economic Development's Housing Quality Standards (DED HQS Chapter 3), and/or any added local codes.
- 4) Do not exceed CDBG program financial rehab and lead cost limits per house.
- 5) The governing body of the grantee must approve the milestones indicated in your schedule and submit the schedule to DED. If a grantee is not able to meet the milestones schedule each year, a technical assistance visit will be scheduled to develop solutions. If the solutions fail, then DED may ask the grantee to return the unused funds for reallocation.
- 6) Develop a milestone schedule to complete the project's objectives in the funding approval within two years of the date of the removal of grant conditions.

Target-Area: Under the target-area program, the goal is to bring as many houses as possible within a small targeted neighborhood to DED's HQS (See Chapter III). Because not all houses will be brought to DED's Livability HQS for the amount of CDBG funds available, DED has built some flexibility into the HQS requirements.

- "Health & Safety" HQS versus "Livability" HQS: All of the houses should be rehabilitated to DED Higher Livability HQS. However, units which cannot feasibly be rehabilitated to DED Livability Standard for less than \$15/sq. ft. should be rehabilitated to the DED lower Health and Safety Standard. A grantee may not spend more than 20% of their combined CDBG rehabilitation and lead line item funds on houses that are only rehabilitated to DED's lower Health and Safety Standards.
- Outside the Target Area: DED also allows grantees to spend up to 20% of their combined rehabilitation and lead line item funds outside of the targeted area. Grantees must follow the provisions in your adopted housing rehabilitation guidelines for accepting and prioritizing applications from outside the original target area boundaries. Grantees must first address the homes of LMI families and rental properties of participating landlords within your established target area before addressing homes outside of the project target area.

- **Infeasible to Rehab:** If a house cannot be brought up to DED Health and Safety Standard for \$15/sq. ft., it should either be demolished (with the consent of the owner), or not be rehabilitated. It should only be rehabilitated if the owner can pay the difference or the grantee can secure other matching funds. Otherwise, the grantee must exercise the “walk-away” policy in their adopted housing rehabilitation guidelines.
- ★ **Best Practice:** Do not rehabilitate houses outside of the targeted area until all houses inside of the area are addressed.

Demolition Only: Houses that meet a grantee’s unsafe building code, or that meets our infeasibility or “spot blight” definition, that is, it cannot be rehabilitated to our program’s “health and safety” HQS standards for \$15/square foot, may be demolished. If CDBG funds are used for the demolition activity, the written consent of the owner to demolish their structure must be received prior to the demolition of that unsafe structure.

Grant Limitations

Rehabilitation Cost Limits: \$15,000 per rehab; Up to \$21,000 for rehab with lead reduction costs.

Grantees may not spend more than \$15,000 in CDBG funds to rehabilitate a housing unit. “High cost” waiver requests to exceed the \$15,000 limit are no longer allowed under the program’s guidelines.

Permissible Exceptions to \$15,000 Rehab Limit: DED only allows three exceptions to \$15,000 per unit rehabilitation limit, specifically relating to requirements from other state or federal regulations.

The allowable exceptions are:

- 1) Lead reduction activities in any unit where a painted surface will be disturbed:
- 2) Lead abatement activities in houses occupied by a child with an elevated blood lead (EBL) level; or,
- 3) To pay for accessibility improvements required for a disabled occupant of a dwelling.

- ★ **Best Practice:** Grantees are advised to provide the rehabilitation assistance in the form of a grant with a three to five year repayment provision, or a forgivable loan that can be forgiven over three to five years. If outright grants are provided, the property owner can sell the property right after the rehabilitation is complete and sell the home for any increase in the value of the property due to the rehabilitation. This type of speculative use of the CDBG rehabilitation program must be discouraged.
- ★ **Best Practice for Rehabilitation Projects Where Some Units Will Exceed \$15,000:** Some grantees have been able to provide other funding sources to property owners over and above the \$15,000. The first source should always be from the property owner and supportive family members. Other possible sources include local banks, the Federal

Home Loan Bank Program, Rural Development loans/grants, community action agencies, MHDC, etc.

The following types of assistance can be provided:

- 1) CDBG funds can be used in the form of direct grants or loans to property owners for some or the all of the amount of rehabilitation. Amounts can be repayable on a regular schedule or can be repayable on sale.
- 2) CDBG funds can be used to write-down the interest rate on a bank loan to make the loan from the bank more affordable.
- 3) CDBG funds can be used to pay a portion of the cost of rehabilitation and a bank or other source of funds could be used to make up the difference. Grantees are encouraged to establish agreements with lending institutions at the time they set up their program guidelines to eliminate delays in loan processing by other lending sources.

Lead Based Paint Costs

For houses where lead-based paint hazards are identified by a risk assessment, the amount of the cost of rehabilitation may not exceed \$21,000.

- ★ **Best Practice:** For grantees running repayable loan programs, none of the cost of the lead remediation should be repayable.

Demolition Costs

There are no CDBG cost limitations for demolitions, but cost reasonableness does apply. Demolition costs can increase substantially when hazardous materials are identified on the site, such as asbestos and underground storage tanks. Therefore, the grantee's HQS inspector must develop work specifications for the bid process. If asbestos is found during the inspection, a licensed asbestos inspector must be procured and the asbestos specifications included in the work write up for the bid process. For questions on asbestos and to obtain a list of licensed asbestos inspectors, contact the Missouri Department of Natural Resources Air Pollution Control Program at 573/751-4817.

★ Best Practices:

- Grantees should bid out several demolitions in one or two bid rounds to reduce the costs per demolition
- Grantees must have the property owner sign an agreement to abide by the local property maintenance ordinance
- Grantees have contributed cash and in-kind resources to accomplish demolitions, such as paying the cost of the landfill fees, or providing disposal dumpsters, or obtaining a permit from DNR to burn the structure for fire training by the local fire department

- Finally, many grantees require the property owners to contribute a percentage or fixed amount of the cost of the demolition as a prior condition to having their structure approved for demolition assistance by the grantee. The owners' funds are placed in an escrow account established by the grantee to be used to pay the demolition contractor. The owners' funds are counted by the Missouri CDBG Program as private matching funds toward the project costs

Target Area Amendments

A grantee wishing to change its target area must request a grant amendment from DED prior to such change. DED may approve the target-area boundary amendment request if the grantee can demonstrate that no eligible HUD activities can occur in their existing project target area.

The grantee must provide documentation to show:

- 1) All LMI households in the original project target-area have had their homes rehabilitated or refuse to participate in the grantee's neighborhood development project with a list.
- 2) All rental property owners in the original project target area have been contacted by the grantee and either have participated or refuse to participate in the project. Provide a list.
- 3) The grantee has a list of eligible LMI households from the proposed amended-area that have consented in writing to have their homes rehabilitated. Provide a list with signatures.
- 4) The grantee has a list of rental property owners, from the proposed amended, area who have consented in writing to participate by having their rental units rehabilitated. Provide a list with signatures.
- 5) The grantee provides a list of property owners who consent to the demolition of their structure that the grantee documents as meeting a legal slum and blight definition.
- 6) The number of units in the proposed extended-area plus the number in the original area, when re-rated for a need score, cannot eliminate the original application from funding, unless we determine that the interest of the timely completion of the project outweighs the revised score. If a project is over three years old, then timely completion of the project will become a factor in the re-rating of the project. Additional re-rating points may be earned from landlord or other additional matching fund commitments for the proposed amended - target area. Therefore, a request for a target- area extension will be denied if it scores below the score of the lowest funded application for that project year.

★ **Best Practice:** Do not request a target area extension within the first two years of the project.

Vacant Houses

Grantees should not rehabilitate vacant properties unless one of the following applies:

- 1) The owner documents that a tenant will occupy the unit immediately after rehabilitation in the form of a signed lease;

- 2) The grantee signs an agreement with the owner that no rehab costs will be reimbursed for the project until the unit has been occupied by an LMI household;
- 3) The house will be used to relocate a household from another substandard unit that the grantee has documented to be infeasible to rehabilitate or which is overcrowded;
- 4) The house is being rehabilitated to satisfy the one-for-one replacement requirement of Section 104(d).

In all cases, grantees must document all units are occupied by a low to moderate income household for at least two years after the rehabilitation is complete.

Rental Property

Landlord Match: Rental property may be rehabilitated exclusively with CDBG funds provided the tenant and owner qualify as low and moderate income. If the owner's income exceeds the LMI limits, she/he must provide at least 25% of the total cost of improvements. This 25% share may come from cash or materials. Lead reduction funds may be excluded from the total cost at the grantee's discretion. A written rent freeze agreement (Exhibit 5) must be executed between the owner and city and signed by the tenant. It shall be in effect for at least two years after the work is completed and the owner signs the certificate of completion. In lieu of a rent freeze agreement, the city may document that Section 8 rent subsidy assistance is being provided to the tenant. The rent freeze agreement cannot allow an increase greater than the annual increase in the Consumer Price Index.

- ★ **Best Practice:** After calculating the amount of owner assistance that is required from a rental property owner, the owner must place their 25% match in the grantee's escrow account for payment to the contractor. The owners 25% match must be deposited in the grantee's escrow account after the rehabilitation contract is signed, but prior to the issuance of a notice to proceed to the contractor by the grantee.

Rent Affordability Standard: For rental housing rehabilitated with the use of CDBG funds, the post-rehabilitation rents charged by landlords must be affordable to low-to-moderate income persons. To be affordable, the new rents cannot exceed the HUD Fair Market Rent (FMR) for the number of bedrooms in that unit. HUD publishes a Fair Market Rent schedule annually, usually in October (Exhibit 6). They may also be found at the following HUD web site: www.huduser.org/datasets/fmr.html.

Rents charged by landlords must be at or below the HUD Fair Market Rent for the grantee's county to be considered affordable, inclusive of utility costs. Grantees may formally establish an amount for a set utility allowance to be added to the landlord's rent, or 25% of the FMR may be used by grantees as the utility allowance. Utility allowances are not applicable where the landlord pays for the utilities.

Grantees must document the amount of rent charged by a landlord by providing a signed copy of the lease and rent freeze agreement in the tenant's file. If there is no lease or rental agreement, the city must document the current rent paid by the tenant in the form of copies of canceled rent checks for the previous six months. CDBG funds used to rehabilitate rental property where rents

are not affordable to low-to-moderate income persons will be considered an ineligible cost and must be returned to DED.

- ★ **Best Practice:** For rental units that are occupied before rehabilitation, the administrator should provide the tenant a notification (Exhibit 7) that their household will not be permanently displaced as a result of the rehabilitation and will be able to occupy that unit after rehabilitation with no increase in the rent level. This will eliminate the possibility of the tenant leaving as a result of the rehabilitation and thereby triggering benefits required by the Uniform Relocation Act (See Chapter X).

Demolition of Houses Rehabilitated with Department of Economic Development Funds

DED funds used to rehabilitate a house shall be repaid to DED if the house is demolished within five years of the time final payment has been made to the rehabilitation contractor. Also, if a community initiates rehabilitation work on a unit and then determines that the unit should be demolished, the grantee is responsible for the costs of that rehabilitation contract.

Payment of Property Owners for Rehabilitation Work (Sweat Equity) Is Not Permissible

Property owners may be paid for material, employee labor, and subcontractors used in rehabilitating their houses; however, they shall not be reimbursed for the costs of their own personal labor or profit. Owners doing their own work must provide invoices, proof of payment, and lien waivers for any rehabilitation costs in order to be reimbursed with CDBG funds. Property owners may also choose their own contractors as in outlined in Chapter VIII.

- ★ **Best Practice:** The grantee should ensure that homeowners accomplishing their own work meet the same qualifications and contract performance periods as all contractors. Generally, since property owners take more time to complete their projects, the use of a fixed contract performance period will ensure the timely completion of their rehabilitation. **Please Note:** HUD requires owners and their contractors to have the Lead Safe Work Practices Certificate prior to the commencement of the rehabilitation work.

Appliances

The purchase of appliances that are not permanently affixed to the house is not an eligible cost. However, the purchase of stoves, refrigerators, hot water heaters, and space heating equipment are permissible to replace non or poorly functioning appliances. Grantees must follow the small purchases procurement procedures when acquiring these items.

Where air conditioning does not exist in a unit that is being rehabilitated, it may only be added to the work write-up to address the documented health need of the occupant. A doctor's statement is required to document the need for the air conditioning unit. Air conditioning may also be provided when the occupant is elderly, age 62 and over. Window air conditioning units are not

an eligible rehab item for the program. Otherwise, air conditioning may only be added when the owner pays for that costs of the rehabilitation contract.

Substantial Reconstruction

For homes that are determined “infeasible to rehabilitate” or if rehabilitation activities do not meet the definition of rehabilitation as defined below in this section, grantees may demolish a house and reconstruct a house on the same site. Up to \$15,000 may be used to build a new house with any difference between \$15,000 and the cost of the house to be paid by the homeowner, or other state or federal program, or mortgage lender.

Again, the principles of cost reasonableness and the owner’s ability to pay apply. Here, if a lender will loan a greater amount such that the LMI owner needs less than \$15,000 in CDBG funds, then the grantee should only provide the amount of grant necessary to accomplish the reconstruction. For example, if the lender only requires a \$15,000 CDBG grant to provide the LMI owner with an affordable mortgage, then the grantee must prudently not exceed that amount of CDBG grant assistance.

1) Definition of Rehabilitation vs. Substantial Reconstruction

DED has adopted an IRS definition of rehabilitation, which delineates it from the definition of new construction. That rule, which is in effect for CDBG grantees, defines rehabilitation as the following:

- a) At least 75% of the exterior walls are retained as exterior walls following rehabilitation;
or,
- b) All of the following must be met:
 - (1) At least 50% of the exterior walls are retained as exterior walls after rehabilitation;
and,
 - (2) At least 75% of the exterior walls are retained as interior or exterior walls; and,
 - (3) At least 75% of the internal structural framework is retained.

Any project that does not meet this definition will be considered a substantial reconstruction activity. Moving a mobile home on a lot to replace a house that has been demolished is not an eligible rehabilitation cost. It is either a substantial reconstruction if placed on the same lot, or may fit under the definition of a Uniform Act relocation (See Chapter X).

2) Code Requirements

Plans and specifications for substantial reconstruction activities must be approved by the grantee’s local code enforcement official. If approved by the grantee, a copy of the approved plan must be maintained in the grantee’s project files. Standardized codes or equivalent grantee adopted codes must be used to conduct the plan review. The house must also comply with DED HQS. “Same-Site” is defined as anywhere on the same lot or parcel of property.

The copy of the plans and specifications, for DED review, must be written in sufficient detail and must include the following:

- a) a footing diagram and plan, a soil investigation report,
- b) a floor plan with dimensions,
- c) front and side elevations with a typical framing diagram,
- d) location of all plumbing, HVAC, and fixtures, and
- e) a material schedule.

3) **Manufactured Homes Used for Replacement**

Manufactured housing used for substantial reconstruction cannot be over 2 years old, and must be approved by HUD; that is, have a HUD stamp on it. Such a manufactured home will be allowed to replace: (1) Any manufactured home that has been determined to be not feasible to rehabilitate; (2) a house with less than 800 sq. ft. of living space; or, (3) a single story houses without a continuous foundation.

Any modular built home built according to manufacturing plan approved by the Public Service Commission are not subject to the above manufactured home requirement, but it still must meet building codes in accordance with foundation design code requirements.

The Rehabilitation of Manufactured Homes is Strictly Limited. HUD prohibits the use of CDBG funds to rehabilitate any manufactured home made before June 15, 1976.

Therefore, the state CDBG program prohibits the rehabilitation of any pre-1977 manufactured home with CDBG funds. A pre-1977 manufactured home may be replaced in compliance with the procedures of the Uniform Act or substantial reconstruction, but it cannot be rehabilitated with CDBG funds.

Financing to Promote Homeownership

Grantees may provide homeownership assistance to any person who is not a homeowner or in danger of losing their status as a homeowner. Grantees must document that the applicant is a renter, has a contract for deed without full ownership rights, or is living in an owner-occupied dwelling that is infeasible to rehabilitate, or the owner is being involuntarily displaced. Assistance may only be provided for applicants who obtain a loan from a public or private lender. The household does not have to live within the targeted area or the city limits prior to owning the home. Any such person may apply for assistance to purchase an existing house within a targeted or scattered site target area, or purchase and rehabilitate a house, or purchase a lot and build a new house. Low interest rate mortgage loans should be pursued through U.S.D.A. Rural Development and the Missouri Housing Development Commission (MHDC) to provide LMI families with affordable mortgage loans. **AVOID PREDATORY LENDERS!**

- 1) **Existing Houses:** Homeownership Assistance is available to LMI households under the CDBG program. A household that has not owned a home within the last three years can receive up to \$5,000 for down payment and closing costs. The CDBG funds may be used to

pay up to 100% of the closing and/ up to 50% of the down payment to facilitate homeownership. The house to be purchased must be located within the target area and must have been inspected for meeting DED livability standards before the closing can take place. Grantees are required to document that the household is a first time homebuyer by providing verification of their address for the last three years in the form of leases, the last three tax forms, or a credit report that might show this information. The LMI buyer cannot have owned a home within the 3-years year period prior to this purchase.

- 2) Newly Built Houses: The total amount of CDBG assistance that may be provided for each house is limited to 50% of the amount of the down payment required on the end loan plus any reasonable closing costs, or a reduction in interest rate on a loan. The total amount of assistance may not exceed \$15,000. Assistance may only be provided to applicants purchasing a lot and building a house within the project's target area. The grantee is expected to provide the technical assistance necessary to assist the prospective homeowner in providing construction financing to build the house. Manufactured homes will not be eligible unless constructed on a permanent continuous foundation. Plan review activities are the same as indicated for the substantial reconstruction activity.
- 3) Purchase/Rehabilitate: The total amount of assistance that may be provided is the same as that for an existing house (see No. 1 above). The house must be located in the grantee's project target area. The house must be in substandard condition (at least \$1,000 of repair needed) and must be brought to DED livability standards. Rehabilitation and lead-based paint reduction cost limits are the same.
- 4) CDBG Down Payment Assistance Use and Affordability Determination form: Use the form on page II-12 of this chapter to identify the use of the CDBG funds that are being provided for down payment assistance and to make the proper affordability determination. Affordability determination means that the PITI the LMI family will pay must not exceed 25% of their gross household income. The use that must be identified is whether the CDBG funds are being used to help a LMI family purchase a new or existing house. The grantee must also show if the funds are being used for closing costs and/or down payment assistance or to reduce the principal or interest rate. CDBG funds may be used to pay up to 100% of the closing cost, up to 50% of the down payment, or a lump sum amount to buy down the interest rate or pay down the principal. This form must be used to document compliance with those CDBG regulations and placed in the file of each LMI family that receives down payment assistance using CDBG funds.

New Construction Using Last Resort Housing Provisions of the Uniform Act

New construction occurring as part of a Uniform Act relocation "last resort" house will follow the same rules as that for housing substantial reconstruction. However, the maximum amount of assistance will be based on the requirements of the Uniform Act regulation (See Chapter X). However, a "last resort" house does not have to be constructed on the same lot as the house that will be demolished, unless the homeowner and the grantee agree that construction on the same site is cost reasonable.

Supportive Services

Supportive services are provided to residents of the target area or rehabilitation beneficiaries as part of the overall neighborhood revitalization activities. Documentation of supportive services provided directly to a CDBG housing beneficiary should be placed in the appropriate project file and included on the target area map (Exhibit 8). Grantees must also document, in the project files, any supportive services provided indirectly for the benefit of the target area, such as crime control, transportation, and optional classes. File documentation must show that the service provided represented an increase in the level of service that was provided in the past to the target area. Grantees shall document services in a quantifiable manner. (For example, van service provided for a particular neighborhood should show pre and post grant usage in the neighborhood.) The results and successes (or failure) of each supportive service must be documented at the time of closeout monitoring visit.

Construction Trade Training

Grantees may provide an amount, not to exceed \$3,000 per trainee, to hire a trainer to provide construction trade training classes. Grantees undertaking construction trade training must provide the following documentation for each house addressed:

- 1) **Procurement:** Procurement of the trainer must follow professional services procurement practices unless the trainer is with another public agency. Between public agencies, an intergovernmental agreement will suffice. Grantees must provide a detailed description of the program to be offered as part of their RFP.
- 2) **Trainer Qualifications:** Grantees must document the qualifications of the trainer. Trainers must have a minimum of five years experience in the construction trade(s) offered, have at least three years of post high school training experience or be licensed by the appropriate licensing agency. The trainer must have experience or training in a nationally recognized code if the training covers electrical, HVAC, plumbing, or general construction.
- 3) **On-the-job training:** For each trainee, the grantee must provide a copy of a training application in the project file. Each application must show that the trainee resides in the grantee's county and that the trainee is low to moderate income. The form that may be used can be similar to the "Employment Status Statement" form that is used to document LMI status for job applicants for economic development projects. That form may be found in the CDBG Administrative Manual at Chapter XI, page 7.
- 4) **Classroom training:** The grantee must coordinate activities with the local Workforce Development Council. Applicants are encouraged to use Workforce Development funds or other training funds wherever possible. Applicants for training must live in the same Workforce Development service area as the grantee. Applicants must fill out the Employment Status Statement form used as indicated in "3" above, but need not qualify based on income. Classroom training funded with CDBG funds cannot take the place of training that would normally occur if CDBG funds were not present. The location of the classes must be within the jurisdiction of the grantee in order to satisfy the requirement that the public service offered would be directly related to the community development needs of

the grantee. If a location is not available within the grantee's jurisdiction, DED may approve, on a case by case basis, another location that would be reasonably construed to assist the grantee in training its resident or in carrying out the CDBG project or other housing construction activities within the jurisdiction.

- ★ **Best Practice:** Trainers hired should be professional educators, with training or teaching experience. Use of established job or vocational training programs is highly recommended, rather than establishing a new program using CDBG funds.

Performance Reporting

To comply with the HUD regulations governing the performance report for the State's Consolidated Plan, grantees are required to keep a record of their activities. DED also uses performance documents to monitor the results of each project, including results in the project from non-CDBG funded activities. Performance reporting is the only method the state has to document that CDBG funds have been invested in a successful project with long term results. Two documents that are required to be kept by each grantee, are a project log sheet and a project map that identifies the location of each project activity.

1) ND Project Log Sheet

A copy of the required project log is found in Exhibit 1. The log must be kept up-to-date for each project and submitted to DED annually by April 30 for the period beginning on April 1 of the previous year and ending March 31 of the reporting year. A final housing log report must be submitted as part of the grantees closeout report. The final report should include totals for each column on the log form. At the monitoring visits, DED field representatives will review the files to ensure that this log is being kept up to date.

Copies of this report in a Microsoft Excel 97 spreadsheet are available on diskette or can be e-mailed by request. The information required on log forms include both the direct beneficiaries whose houses were addressed and all housing applicants, the income level of their occupants, number of occupants, beneficiary data, the date the unit was completed, contract amount, activity completed and whether the unit is rental or owner-occupied and disability status. As was indicated in Chapter I, the log sheet can be used as a financial on contract management tool to track sources and uses of funds for each project and record private matching funds in the targeted area.

2) Map

Grantees are required to have a map with the following features:

- a) all properties that have been rehabilitated or demolished with CDBG or other funds (by street address);
- b) a code or color scheme indicating whether a house has been rehabilitated to DED Health and Safety Standard or Livability Standard;
- c) house where supportive services were provided to the occupants;

2005 Neighborhood Development Administrative Manual
Housing Program Requirements

- d) demolitions, and
- e) the boundary lines of the designated target area.

The map should show any homes that were rehabilitated or demolished outside of the target area and the requisite beneficiary documentation. The map must be available for inspection by the general public and for DED field representatives during their monitoring visits. Grantees should provide a copy of the map to DED to document project accomplishments. Grantees must always provide a copy of the map to DED anytime a target area amendment is requested.

CDBG DOWN PAYMENT ASSISTANCE USE and
AFFORDABILITY DETERMINATION

Applicant: _____

Address: _____

City: _____ State: MO Zip: _____

Number of Members in Household: _____

Sources of Income:

	Name	Source	Amount
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____

Total Gross Household Income: \$ _____; Monthly Income \$ _____

CDBG Funds Used to Finance the Acquisition of a(n):

_____ New Home; _____ Existing Home;

Address: _____

City: _____, MO Zip _____

Sale/Purchase Price \$ _____

50% CDBG Down Payment \$ _____

50% Buyer's Downpayment \$ _____

Principal Reduction \$ _____

Interest Rate Reduction \$ _____

Closing Costs \$ _____

Monthly PITI \$ _____/(divided by)

2005 Neighborhood Development Administrative Manual
Housing Program Requirements

Monthly Gross Income \$ _____ = _____%

Check Applicable Result:

If greater than 25%, then CDBG funds cannot be used: _____

If equal to or less than 25%, then CDBG funds may be used to finance the acquisition of the home for the LMI family: _____

Signature of Preparer _____ Date _____